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Text:

UNCLAS NASSAU 01437

SIPDIS  
CXNASSAU:  
ACTION: ECON  
INFO: POL RSO CONS NAS AMB DCM

DISSEMINATION: ECON  
CHARGE: PROG

APPROVED: CDA:DBHARDT  
DRAFTED: ECON/COMM:AMBAIN  
CLEARED: POL/ECON/PD:DOCONNOR

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RR RUEHC RUCPDOC RUEHDG RUCNCOM  
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TO RUEHC/SECSTATE WASHDC 4998  
RUCPDOC/USDOC WASHDC  
RUEHDG/AMEMBASSY SANTO DOMINGO 2875  
RUCNCOM/EC CARICOM COLLECTIVE

UNCLAS SECTION 01 OF 02 NASSAU 001437

SIPDIS

STATE FOR WHA/CAR/, EB/CBA WINSTEAD, 4322/ITA/IEP/WH/OMCB/MBROOKS,  
AND  
SANTO DOMINGO FOR FCS

E.O. 12958: B/A  
TAGS: [ETRD](#) [EINV](#) [SENV](#) [BF](#)  
SUBJECT: BUSINESS OUTLOOK CONFERENCE ON ABACO HIGHLIGHTS EMERGING  
FNM THEMES

**¶1.** SUMMARY: At the 4th Annual Abaco Business Outlook Conference earlier this fall, Deputy Prime Minister Brent Symonette told delegates that the Free National Movement government plans to monitor the environmental impact of major hotel investment projects.

The theme of the conference, "Growth by Design," was fitting for The Bahamas as it tries to manage the rapid growth of the Family Islands (islands outside of New Providence). Conference speakers noted that the future of The Bahamas is in the Family Islands and that Nassau is close to maximizing its potential. The Bahamas Director General for Tourism noted the increased competition from larger rivals such as Dominican Republic and Mexico. END SUMMARY.

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GOVERNMENT CONCERNED ABOUT THE ENVIRONMENT  
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**¶12.** Embassy Commercial Assistant recently attended the Abaco Business Outlook Conference, which featured Deputy Prime Minister Brent Symonette, Tourism Director General Vernice Walkine, and Bahamas Agricultural and Industrial Corporation Head Edison Key. Deputy Prime Minister Symonette told conference attendees that Abaco's environment was pivotal to its economy. He noted that the FNM will not support developments that might create undue demands on environmental resources and did not embrace Bahamian culture and traditions. He observed: "Development that is not friendly to our environment, which does not embrace our cultural traditions and which creates undue demands on our environmental resources will not be supported."

**¶13.** This environmental priority tracks with other recent meetings with FNM ministers and with campaign statements made in April 2007. Symonette said that the government now plans to amend the Hotels Act and the Hotels Encouragement Act to permit the owners and operators

of small hotel and bed and breakfast establishments to access customs duty and real property tax concessions for the first time. These types of developments are reserved for Bahamians investors and owners. The FNM government repudiated the previous government's focus on "anchor projects," citing their high environmental impact on the local communities. While it has not rejected any previously approved project, it is unlikely to approve any new major projects not already on the drawing board.

¶ 14. Minister Symonette also told participants that he will move expeditiously to conclude consultation and adoption of a National Marina Policy, establish independent standards for golf course development, and adequately regulate coastal zone construction. In pledging consultation with local communities, Minister Symonette stated: "The time when governments could sit in Nassau and determine the future for citizens living in the Family Islands without their involvement is now gone."

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BAHAMIAN TOURISM IN 2010

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¶ 15. Director General (DG) for Tourism Vernice Walkine told Abaco conference delegates that her main challenge and focus during her tenure is to brand all major Family Islands so that visitors would know exactly what each island has to offer. She said that this was important because The Bahamas is still perceived as being just Nassau and Paradise Island and that branding is the only way to change this perception. The Bahamian islands will then be presented as "a menu of island vacations." Walkine noted that The Bahamas does not have the infrastructure to compete with other destinations such as Japan or Dubai, nor the population size to match regional competitors like Mexico, Cuba, and the Dominican Republic, that have consistently received greater numbers of stopover visitors. Her Ministry's plan is to "re-think" tourism in order to make all major islands attractive to the global tourist consumers who are more discerning and demanding.

¶ 16. The DG presented statistics suggesting that, in the year 2010, The Bahamas will have an estimated 5,000 additional rooms, mostly upscale - with up to five star rating. She said that Abaco continues to be among the islands with the highest repeat visitor percentage. According to Ministry of Tourism Exit Surveys, Abaco received 63,000 visitors for the first half of 2007. These visitors stayed an average of 9.4 nights. Additionally, a significant percentage of visitor arrivals to Abaco are affluent, with household income exceeding \$75,000. The exit surveys further revealed that a majority of visitors to Abaco say that they are likely to return and to recommend Abaco to their friends and relatives. Walkine said that Abaco was the island closest to achieving the balance The Bahamas ought to strive for in a tourism mix. She said that economic growth in Abaco has come at a manageable pace that has been assimilated by the community.

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WHAT ABOUT BAY STREET?

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¶ 17. Edison Key, Chairman of The Bahamas Agricultural and Industrial Corporation (BAIC), told conference delegates that the future of The Bahamas lies in the Family Islands. Key believes that both Nassau and Paradise Island have reached their potential and do not have anything further to offer tourists. He noted that Bay Street -- Nassau's main business street -- is in a state of disrepair and unwelcoming to tourists, especially the cruise ship passengers that frequent the area. Plans for the redevelopment of Bay Street were left on the drawing board by the PLP, and the current FNM administration is currently studying the plans before deciding on their preferred course. The FNM government has also put plans to rebuild the downtown straw market on hold and have cancelled architectural plans left by the PLP government, stating that the \$23 million price tag was too expensive. The FNM government has allocated \$3 million for its construction and is negotiating with straw venders regarding an appropriate location for the market.

¶ 18. COMMENT: The Abaco Business Outlook conference presented a snapshot of some of the general themes emerging from the new FNM government regarding tourism. Overall tourist arrivals were down

roughly 10 percent early in 2007, which created angst in the Bahamian government and business community. Summer and early fall figures have rebounded, easing some concerns. Minister Symonette has a strong interest in the environment, and both his and DG Walkine's statements reaffirm the FNM government's emphasis on smaller, boutique resort projects that better fit the environmental and community needs of the Family Islands. While Edison Key's comments may reflect his speaking to an Abaco audience, they also reflect the challenges facing the redevelopment of Nassau's most visible street. Bay Street is a mess, and the FNM government will have to expend significant financial and political resources to revitalize the area or risk losing at least some of the valuable cruise ship passenger trade in the coming years.

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